

**Ex-JW7**

## Lehman Brothers International (Europe) (in administration)

Lehman Brothers International (Europe) (in administration)  
25 Bank Street  
London  
E14 5LE

27 August 2009

SRM Global Master Fund Limited Partnership  
PO Box 309GT  
Ugland House  
South Church Street  
George Town  
Grand Cayman  
Cayman Islands

By Fax and by Post  
+377 97 97 79 31

Dear Sirs

**Lehman Brothers International (Europe) (in administration) ("LBIE")**

As you are aware, Mr A Lomas, Mr S Pearson, Mr D Schwarzmann and Mr M Jervis, each a partner of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT, were appointed Joint Administrators of LBIE on 15 September 2008 pursuant to an order of the High Court of England and Wales to manage LBIE's business, affairs and assets.

We refer to the various agreements entered into between SRM Global Master Fund Limited Partnership ("SRM") and LBIE including an International Prime Brokerage Agreement dated 9 May 2008 ("IPBA") and an ISDA Master Agreement dated 12 May 2008.

As you know from previous correspondence both between us and between our respective legal advisers, the Administrators are firmly of the view that the set off that SRM purported to effect on 22 September 2008 pursuant to the ISDA Master Agreement was ineffective. As you are also aware, both from our correspondence and from our meeting on 22<sup>nd</sup> July 2009, it is accordingly the Administrators' view that SRM's various positions with LBIE fall to be valued not by reference to 22 September 2008, but by reference to the dates on which the relevant agreements between SRM and LBIE were terminated (i.e. 18 September 2008 in relation to the ISDA Master Agreement and 6 November 2008 in relation to the IPBA). On that basis, SRM is a significant net debtor of LBIE, owing approximately US\$153 million. We have previously provided you with a breakdown of that calculation. No payment has been forthcoming to LBIE in settlement of the debt now owed by SRM.

Notwithstanding the fact that SRM owes a very significant debt to LBIE, we understand that SRM intends to make certain redemption payments to its investors. Such payments plainly should not be made if they were to put SRM in a position whereby it was not able to pay the amount owing to LBIE. Please confirm by return that SRM will be able to meet the debt of approximately US\$153 million owed to LBIE notwithstanding the making of such payments.

LBIE's rights in this matter are fully reserved. In particular, LBIE reserves its rights against SRM, its directors and partners to the extent that they authorise or fail to prevent the dissipation of SRM's assets in circumstances where a significant debt is owed to LBIE. Your legal advisers have presumably advised you of your obligations in this regard.

*AV Lomas, SA Pearson, DY Schwarzmann and MJA Jervis were appointed as Joint Administrators of Lehman Brothers International (Europe) on 15 September 2008 to manage its affairs, business and property as agents without personal liability. AV Lomas, SA Pearson, DY Schwarzmann and MJA Jervis are licensed to act as Insolvency practitioners by the Institute of Chartered Accountants in England and Wales.  
Lehman Brothers International (Europe) registered in England and Wales with registered no. 02538254.  
VAT registration no. 416 9315 28*

Lehman Brothers International (Europe) (in administration)

We request that you draw this letter to the attention of the directors and partners referred to above. We also request that you provide us with details of the proposed redemptions and that you keep us informed of any future intentions to make any significant distributions or payments in order that LBIE can consider its position in respect of such actions.

Yours faithfully



SA Pearson  
Joint Administrator  
For and on behalf of Lehman Brothers  
International (Europe) (in administration)  
as its agent and without personal liability

c.c. SRM Global Fund General Partner Limited  
Jon Wood

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